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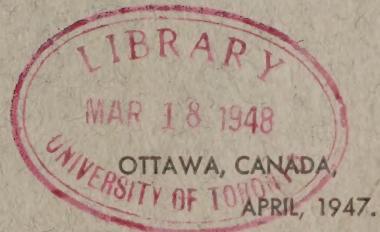


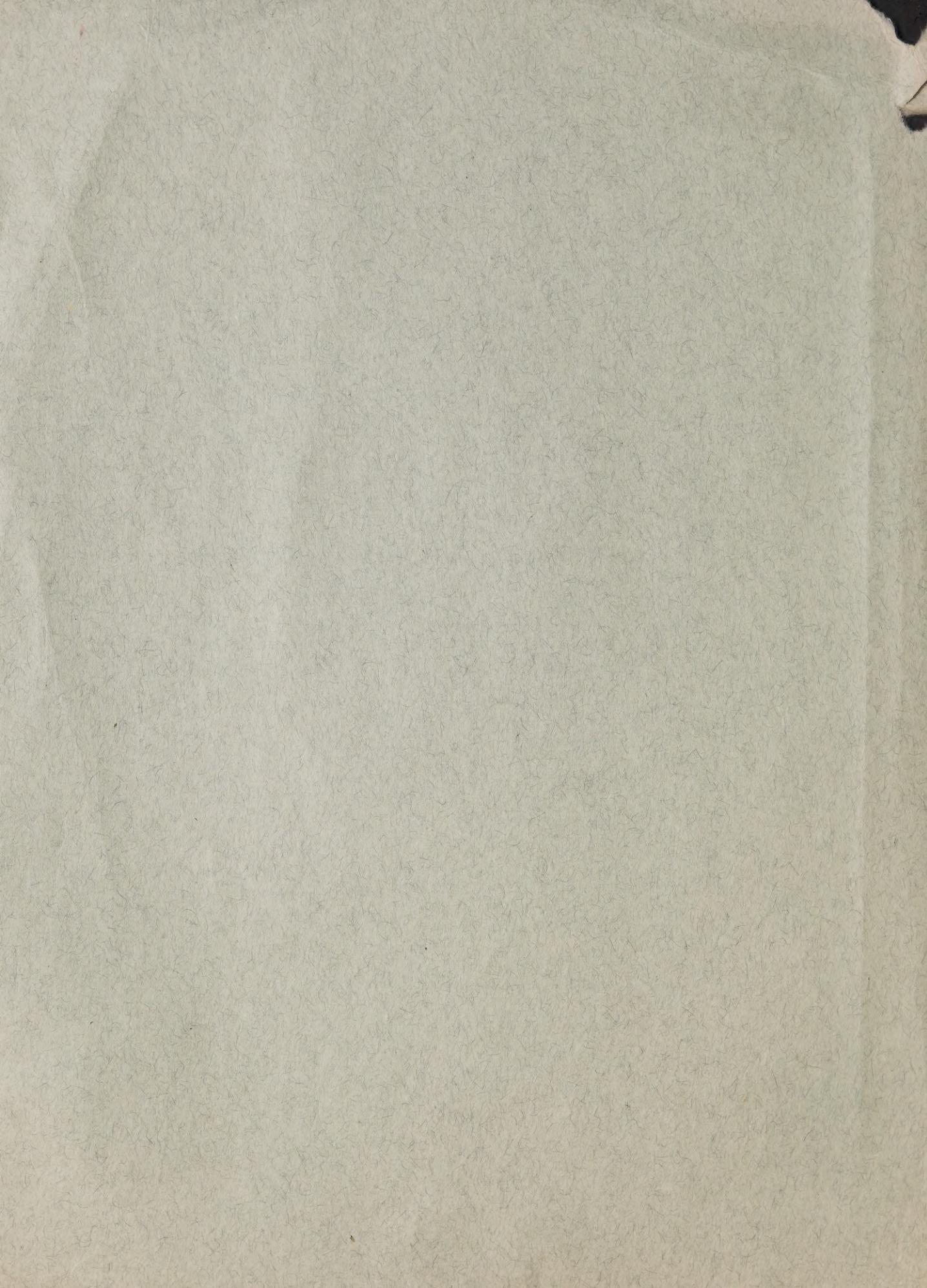
Canada AIR TRANSPORT BOARD

REPORT

ON

REVIEW OF LICENCES RESPECTING COMMERCIAL AIR SERVICES
PURSUANT TO SECTION 13 OF THE AERONAUTICS ACT







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C O N T E N T S

REPORT ON REVIEW OF LICENCES RESPECTING COMMERCIAL AIR SERVICES

| | Page |
|---|------|
| BRIEF HISTORY OF THE REPORT | 2 |
| LICENCES UNDER REVIEW | |
| Quebec | 3 |
| North-Western Ontario and Manitoba | 3 |
| Saskatchewan | 3 |
| Alberta and Northwest Territories | 4 |
| British Columbia Mainland and Yukon | 4 |
| British Columbia Coastal Islands | 4 |
| NATURE AND EXTENT OF THE REVIEW | 5 |
| CONCLUSIONS | |
| Group 1 - Quebec | 6 |
| 2 - North-Western Ontario | 7 |
| Northern Manitoba and | 8 |
| North-Eastern Saskatchewan | 8 |
| 3 - Saskatchewan | 8 |
| 4 - Alberta and Northwest Territories | 9 |
| 5 - British Columbia Mainland and Yukon | 10 |
| 6 - British Columbia Coastal Islands | 10 |

FIGURE NO. 1 - Map showing commercial air services as described in the report.

A P P E N D I C E S

Appendix A - Licences in Group 1 - Quebec

| | | | | | |
|-----|---|---|---|-----|---|
| B - | " | " | " | 2 - | North-Western Ontario, Northern Manitoba and North-Eastern Saskatchewan. |
| C - | " | " | " | 3 - | Saskatchewan |
| D - | " | " | " | 4 - | Alberta and Northwest Territories |
| E - | " | " | " | 5 - | British Columbia Mainland and Yukon |
| F - | " | " | " | 6 - | British Columbia Coastal Islands |

Each Appendix contains the following sections:-

- 1 - Licences covered by this review.
- 2 - Airports and Air Navigation Aids.
- 3 - Services rendered under the existing licences as at Sept. 24, 1946.
- 4 - Air Services in areas other than those under review.
- 5 - Surface transportation facilities.
- 6 - Economic Characteristics.
- 7 - Statistical Review.
- 8 - Synopsis of Public Hearings.
- 9 - Summary. . .

This report on the review of licences is made by the Air Transport Board pursuant to Section 13 of Part II of the Aeronautics Act, as amended by Chap. 28 of the Statutes of 1944-45 and Chap. 9 of the Statutes of 1945, which reads as follows:-

"The Board shall review all licences respecting commercial air services issued under Part III of The Transport Act, 1938, or under Part VII of The Air Regulations, 1938, prior to and in force at the time of the coming into force of this Part and may cancel or suspend any such licence as it sees fit 1944-45, c.28, s.6."

The report indicates the conclusions reached by the Board as a result of the review and also describes the nature and extent of the review as well as the manner in which the Board proceeded in making it.

This report does not deal with the commercial air services in the Maritime Provinces as these were dealt with by the Board in its Decision No. 22, dated December 14, 1945, which laid down for such air services a pattern which is now being followed by Maritime Central Airways Limited.

LICENCES UNDER REVIEW

1- The 53 licences subject to this review for the purposes of this report are being divided into groups, as follows:

1. Quebec

CTC(AT)36
CTC(AT)78 Hearing held at Quebec
CTC(AT)86
CTC(AT)87

2. North West Ontario & Manitoba

CTC(AT)19
CTC(AT)21
CTC(AT)22
CTC(AT)23
CTC(AT)24
CTC(AT)31
CTC(AT)45 Hearing held at Kenora
CTC(AT)49
CTC(AT)50
CTC(AT)54
CTC(AT)35
CTC(AT)37
CTC(AT)62
CTC(AT)64

CTC(AT)11
CTC(AT)12
CTC(AT)29
CTC(AT)30
CTC(AT)53
CTC(AT)20
CTC(AT)25 Hearing held at Winnipeg
CTC(AT)26
CTC(AT)38
CTC(AT)46
CTC(AT)58
CTC(AT)66

3. Saskatchewan

CTC(AT)81
CTC(AT)85 Hearing held at Saskatoon
CTC(AT)14
CTC(AT)15

4. Alberta & N.W. Territories

CTC(AT)27
CTC(AT)28
CTC(AT)33
CTC(AT)34 Hearing held at Edmonton
CTC(AT)43
CTC(AT)44
CTC(AT)63
CTC(AT)68

5. British Columbia Mainland and Yukon

CTC(AT)60
CTC(AT)84
CTC(AT)67
CTC(AT)69 Hearing held at Vancouver
CTC(AT)71
CTC(AT)79
CTC(AT)41
CTC(AT)42

6. B.C. Coastal Islands

CTC(AT)80
CTC(AT)82 Hearing held at Vancouver
CTC(AT)83

NATURE AND EXTENT OF THE REVIEW

2. As an initial step, an economic survey of the Dominion of Canada from the transportation point of view was commenced in 1945 and continued during 1946.

3. As a second step, a survey was made of all available statistical data bearing upon air transportation in Canada and, in addition, a comprehensive system of statistical information was instituted so as to keep the Board currently in touch with developments in this field. This statistical data has been under continuous study so that the Board might become informed of the statistical facts relating to actual conditions obtaining in all commercial air services throughout Canada, including those subject to this review.

4. As a third step, two Members of the Board, accompanied by the Acting Chief of the Board's Traffic Section, made an inspection which embraced practically all the routes which had been licenced in Canada prior to the inception of the Air Transport Board. This inspection covered the service rendered on the various routes, the equipment used, the ground facilities available, the requirements of the localities served, and the relation of the commercial air services to other transportation facilities in the localities involved.

5. As a fourth and final step a series of public hearings was held commencing at Quebec City and continuing at Kenora, Ontario, Winnipeg, Manitoba, Saskatoon, Saskatchewan, Edmonton, Alberta and Vancouver, B.C. At these public hearings the licencees as well as all parties, including public bodies, organizations and individuals interested in any of the commercial air services under review were invited to express fully and freely in public their views in respect to any matter relating to the licences under review and services rendered thereunder and to any modifications thereof which might more appropriately meet public convenience and necessity.

¹ See also the discussion of the relationship between the two in the introduction.

CONCLUSIONS

The review indicates that public convenience and necessity with respect to the services rendered under the licences in question can be served most appropriately by the establishment of commercial air services as described below and as shown on the map appearing in this report as Figure No. 1.

Group I

(a) A commercial air service (scheduled) of a relatively high frequency serving points which the economic analysis indicates as the principal points in the area from the standpoint of air transportation. These points are Montreal, Quebec, Chicoutimi, Forestville, Mont Joli, Baie Comeau, Seven Islands, with possibly a temporary air service to Port Menier on Anticosti Island; the last mentioned point because of the contemplated development of the timber resources of Anticosti Island which may, however, be of a temporary nature. The service referred to in this paragraph should be performed by multi-engined aircraft of the medium airline type.

(b) A commercial air service (scheduled) during winter time, that is to say, during the season of closed navigation on the St. Lawrence River, from Mont Joli or Matane on the South Shore or from Baie Comeau or Seven Islands on the North Shore, to provide reliable and predictable air services to points such as, Forestville, Baie Comeau, Franquelin, Godbout, Trinity Bay, Pontecote, Shelter Bay, Seven Islands, Moisie, Riviere-au-Tonnerre, Mingan, Havre St. Pierre, Natashquan, Harrington Harbour, Blanc Sablon. This service would necessarily require to be performed by a smaller type of aircraft than the service referred to in (a) above, because of the restricted landing facilities, and because of the local nature of the service.

(c) A commercial air service (scheduled) of a low frequency to provide a reliable and predictable air service between Roberval or St. Felicien and Dore Lake, because of the mining development in the Chibougamau area which, at present, lacks such transportation facilities.

(d) Commercial air services (non-scheduled) based upon one or more points such as Rimouski or Matane, because of the community of interest which exists between these points on the South Shore and a considerable part of the area along the North Shore, and because of the fact that a large number of the personnel required for the bush operations on the North Shore are drawn from the Gaspe Peninsula and the adjoining area, and because of the seasonal nature of the transportation requirements. This service would have to be performed by a small type of multi-engined aircraft capable of landing on the small airfields on the North Shore.

- (e) A commercial air service (scheduled) of a low frequency will probably be required in the near future, from Seven Islands to a convenient point in the vicinity of Knob Lake to serve the iron ore development in that area.
- (f) The establishment of bases for charter operators, to provide for the exploration, prospecting and other incidental services which may be required from time to time in this area.

GROUP II

(1) Northwestern Ontario

- (a) A commercial air service (scheduled) of relatively high frequency, serving points in the area which the economic analysis indicates as the principal points in the area from the standpoint of air transportation. These points are Winnipeg, Red Lake, Kenora, Sioux Lookout and Pickle Lake. Whilst the economic analysis indicates that there is very little community of interest between Kenora and Sioux Lookout or between Pickle Lake and Red Lake, economy in the utilization of equipment and personnel seems to indicate that an integrated operation in which all these points are tied together would be desirable. The service referred to in this paragraph should be performed by multi-engined aircraft of the medium airline type.
- (b) A commercial air service (scheduled) of low frequency, to provide reliable and predictable air service to the communities at Casummit, the trading post at Swaine Post, and the Hydro-Electric development at Gold Pines. Such a service probably could be operated most advantageously by a carrier who might be licenced to conduct charter and contract operations from a base on the railway, at Sioux Lookout or Hudson. The service referred to in this paragraph could best be performed by using "bush-type" seaplanes or skiplanes.
- (c) A commercial air service (scheduled) of low frequency, to provide reliable and predictable air service between Lac du Bonnet and Bissett (and immediate area), and Favourable Lake. The service referred to in this paragraph could best be performed by using the "bush-type" seaplanes or skiplanes.
- (d) Commercial air services (non-scheduled) based at suitable strategic locations such as Kenora, Red Lake, Sioux Lookout, and possibly Pickle Lake and Armstrong. There are no other points in the area under review which would appear at this time or in the predictable future to justify establishing scheduled routes. There is a definite need, however, for small aircraft which can be chartered at a toll of \$30. an hour or less. The survey shows that the region between Lake Winnipeg and the Manitoba-Ontario boundary and lying northeast of Lac du Bonnet has no direct community of interest with the Red Lake area.

(2) Northern Manitoba and Northeast Saskatchewan

(a) A commercial air service (scheduled) of relatively high frequency, serving Winnipeg, Dauphin, Le Pas and Flin Flon, in co-ordination with and using the same kind of equipment as required for the scheduled service of relatively high frequency in northwestern Ontario. There are no licences in effect at this time for such a service, but the desirability of such a service is indicated by the economic analysis.

(b) A commercial air service (scheduled) of low frequency, to provide reliable and predictable air services for the communities of Pelican Narrows, Island Falls, Sherridon and Snow Lake from a base at Flin Flon or Channing. The service referred to in this paragraph can best be performed by using "bush type" seaplanes or skiplanes.

(c) Commercial air services (non-scheduled) based at one or more strategic points such as Channing, Sherridon or Cold Lake. The economic analysis indicates that for service to the individual trapper, prospector and fisherman, there exists a need for small aircraft which can be chartered for \$30. an hour or less.

Group III

(a) A commercial air service (scheduled) of relatively high frequency, serving points which the economic analysis shows to be the principal points in the area from the standpoint of air transportation. These points are Regina, Moose Jaw, Saskatoon, Prince Albert and North Battleford, all in the Province of Saskatchewan, and possibly an extension via Vermilion to Edmonton in the Province of Alberta, although the public convenience and necessity for this extension has not been demonstrated to the satisfaction of the Board. The service referred to in this paragraph should be performed by multi-engined aircraft of medium airline type.

(b) A commercial air service (scheduled) of low frequency, or alternatively, a non-scheduled service from Prince Albert and/or Big River to serve Dore Lake, Ile a la Crosse, Buffalo Narrows, La Loche, Lac la Ronge and Stanley Mission. The requirements for service in this area depend primarily upon the fish and fur industry, the locale of which shifts from time to time. This service can best be carried out by the use of "bush type" aircraft which can be operated as seaplanes or skiplanes.

(c) Commercial air services (non-scheduled) operating from convenient bases which are accessible the year round by railway or highway, such as Prince Albert, Big River, Meadow Lake and, perhaps, North Battleford.

(d) Commercial air service to serve points on Lake Athabasca, such as Goldfields, Fond du Lac and Stony Rapids, can best be rendered from a point in Alberta and will be referred to in Group IV.

Group IV

(a) A commercial air service (scheduled) of relatively high frequency, serving points which the economic analysis shows to be the principal points on the waterway route to Yellowknife. The principal points are Edmonton, Fort McMurray, Fort Smith and Yellowknife. This service should be performed by multi-engined aircraft of the medium airline type.

(b) A commercial air service (scheduled) of low frequency, to provide reliable and predictable air service to communities such as, Yellowknife, Rae, Indin Lake, Cameron Bay, Coppermine. This service might be performed initially by using "bush type" aircraft operating as seaplanes or skiplanes, but probably will develop into a combination operation of landplane to Cameron Bay and "bush type" from Cameron Bay to Coppermine.

(c) A commercial air service (scheduled) of moderate frequency to serve the undermentioned points and provide a direct air service to Vancouver from the North West Territories. The points are Yellowknife, Hay River, Vermilion, Peace River, Grande Prairie, Alta.; and Prince George, B.C. This service should be performed by multi-engined aircraft of the medium airline type.

(d) A commercial air service (scheduled) of moderate frequency, connecting Edmonton and Grande Prairie with the Northwest Staging Route at Fort St. John. The service will be referred to under Group V. The service referred to in this paragraph should be performed by multi-engined aircraft of the medium airline type.

(e) A commercial air service (scheduled) of low frequency, to provide reliable and predictable air service to communities such as Fort Smith, Hay River, Simpson, Wrigley, Norman Wells, Good Hope, Arctic Red River and Aklavik. This service might be performed initially by using "bush type" aircraft operating as seaplanes or skiplanes, but probably will develop into a combination land and bush type as far as Norman Wells, and bush type from Norman Wells to Aklavik.

(f) A commercial air service (non-scheduled) based at Fort McMurray to serve the communities in the Lake Athabasca area including Fond du Lac and Stony Rapids.

Group V

(a) A commercial air service (scheduled) of moderate frequency serving Vancouver, Prince George, Fort St. John, Fort Nelson, Watson Lake, Whitehorse, Y.T. and connecting at Prince George with the service referred to in Group IV para (c), and at Fort St. John with the service referred to in Group IV para (d). This service should be performed by multi-engined aircraft of medium type.

(b) A commercial air service (scheduled) of moderate frequency serving Whitehorse, Mayo and Dawson City. This service should be performed by multi-engined aircraft of medium type.

(c) A commercial air service of low frequency (scheduled) to provide reliable and predictable air service to the following points:- Carcross, Atlin and Telegraph Creek. This service could best be provided by bush type aircraft operated as seaplanes or skiplanes.

(d) A commercial air service (non-scheduled) based in the vicinity of Prince George or Fort St. John to serve the Fort St. James and Omineca area and the Rocky Mountain Trench area. This service could best be performed by bush type aircraft operated as seaplanes or skiplanes.

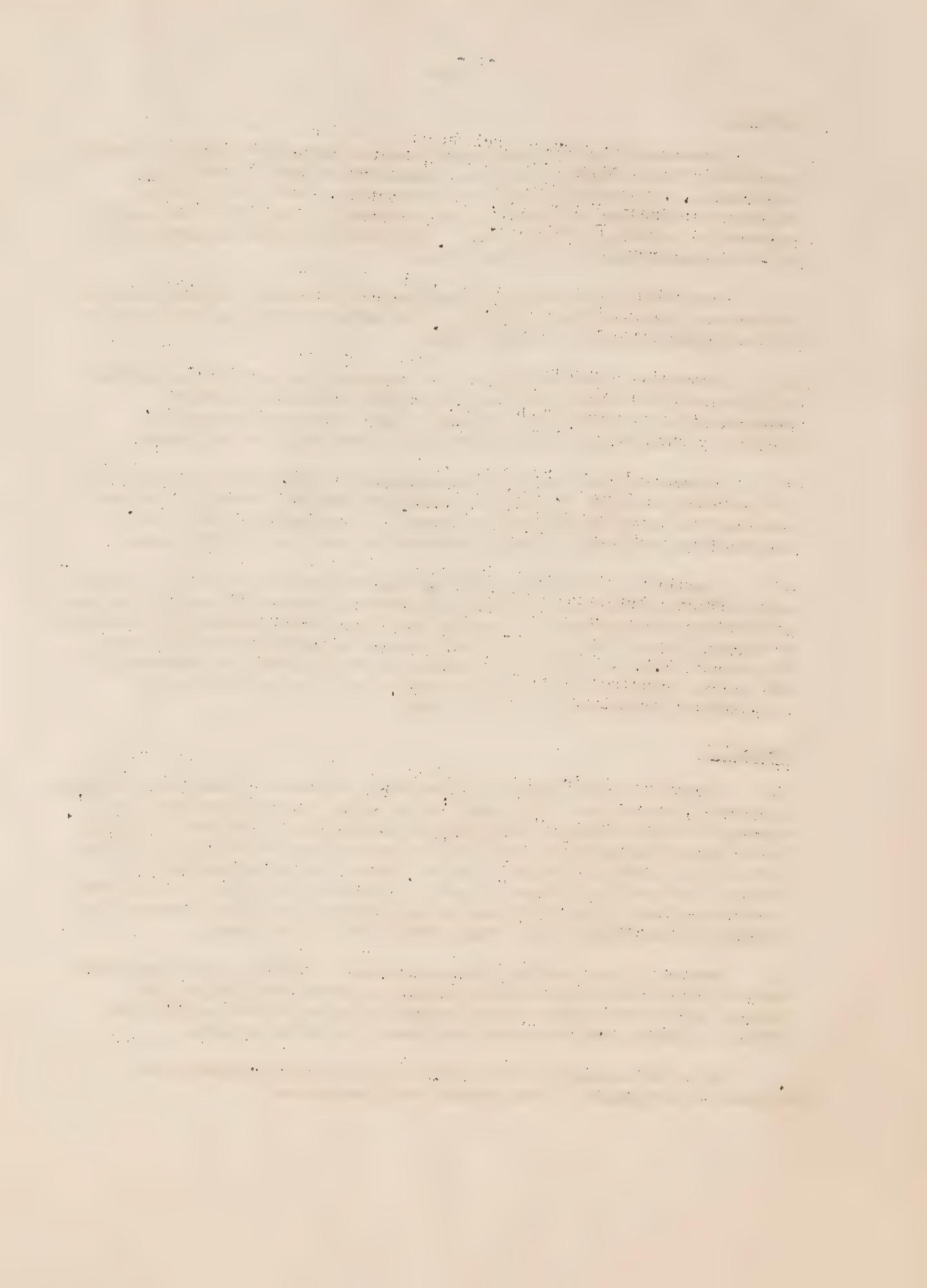
(e) It would be distinctly advantageous to Dawson City and in addition would effect substantial economies in operating costs if competitive considerations and appropriate landing facilities would permit the inclusion of Dawson City on the Canada-United States trans-border route between Whitehorse, Y.T. and Fairbanks, Alaska, in which event the commercial air service required at Mayo and vicinity could be provided most appropriately from Dawson City as a base.

Group VI

(a) A commercial air service (scheduled) of moderate frequency, serving Vancouver, Nanaimo and Port Hardy, which service should probably be extended to Prince Rupert via Sandspit on the Queen Charlotte Islands, Prince Rupert being one of the largest communities in British Columbia. There is no existing licence in effect covering a scheduled service between Port Hardy and Prince Rupert. This service should be performed by multi-engined aircraft of the medium airline type from Vancouver to Sandspit and amphibian type from Sandspit to Prince Rupert.

(b) Commercial air services (non-scheduled) operating from convenient bases such as Vancouver and Port Hardy, to serve such logging and fishing operations as are located along the coast of the mainland of British Columbia, and Vancouver and Queen Charlotte Islands.

7. The establishment of the pattern of commercial air services described in paragraph 6 (Conclusions) will require -



- (a) The maintenance of existing essential services without interruption.
- (b) The issuance of new licences under the relative provisions of the Aeronautics Act for commercial air services which will conform to the pattern described.
- (c) The cancellation of all existing licences granted pursuant to the provisions of Part III of the Transport Act 1938 or Part VII of the Air Regulations 1938, which licences will ultimately lapse in any event.

The foregoing steps can be accomplished without major financial complications.

8. The review indicates -

- (a) that a number of the licences, particularly those in Groups II, IV and V overlap to a considerable extent;
- (b) that the commercial air service rendered under the authority of the various licences has not, in fact, adhered to the pattern which the licences themselves imply was originally intended and that, in practice, the apparent overlapping of such licences has been overcome, to a large extent, by the principal operator, namely, Canadian Pacific Air Lines Limited, which company has acquired control of all the independent operators except Maritime Central Airways Limited in the Maritime Provinces, M & C Aviation Limited in Saskatchewan, and Northern Airways Limited, Carcross, Y.T., through the development of a pattern of air services which, on the one hand, was intended to comply with conditions set out in the licences of the companies acquired and, on the other hand, was intended to furnish such commercial air services as, in the judgment of Canadian Pacific Air Lines Limited, would satisfy the requirements of public convenience and necessity in the most economical manner.

9. The review also indicates that two distinct types of commercial air services are necessary to meet the conditions in the areas subject to the review:

(a) One type involves a variety of large-scale operations requiring the economical utilization of expensive multi-engined aircraft and all the facilities, personnel and equipment which are essential to such operations. The aircraft and equipment for this type of operation are constantly being improved to better the service, increase capacities and decrease costs. This all requires very substantial financial resources to establish and maintain satisfactory services.

(b) The other type of service is essentially different. It is of a pioneering nature or of a local character requiring the utilization of smaller and less expensive aircraft on floats or skis; a special type of personnel and does not usually require large amounts of capital.

Up to the present, Canadian Pacific Air Lines Limited or its subsidiaries has been operating both types of service. The other licencees, Northern Airways Limited and M & C Aviation Limited, have been operating only the second type of service.

From the standpoint of operation, the review indicates that, in many cases, the type of service referred to in (b) should be separated from the type of service indicated in (a).

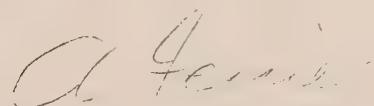
10. Having regard to the handicaps imposed by six years of wartime conditions, Canadian Pacific Air Lines Limited and the other licencees have, to a very considerable degree, done the best that could have been expected in providing the air services in question, which have shown a marked improvement during 1946.

11. The public interest requires that the carrier or carriers best able to serve the public shall operate the air services in question. It is, therefore, for consideration as to whether the present licencees or some other carrier or carriers shall operate the commercial air services in any or all of the groups referred to in paragraph 6 of this report. The Air Transport Board has carefully canvassed this situation and has come to the conclusion that, so far as the air services of the first type are concerned, Canadian Pacific Air Lines Limited is the only available carrier at the present time that can adequately serve the present and future public convenience and necessity in the areas under review.

12. In regard to services of the second type, the Board is of the opinion that, so far as is reasonable and practicable, these should be taken away from Canadian Pacific Air Lines Limited and made available for operation by other carriers. There are several reasons for this. First, it would enable Canadian Pacific Air Lines Limited to concentrate its efforts on the provision of a more or less uniform type of services, which it would thereby be enabled to perform more efficiently. In addition, the Board is convinced of the desirability of encouraging individual effort and initiative in the air transportation industry all across Canada by affording an opportunity to smaller carriers to engage in the provision of services of a local or bush type. It is desirable that such carriers should have a close personal knowledge of the people and the territory to be served and, so far as practicable, this should be achieved by licencing local carriers to provide such services. From the information which it has secured, the Board is satisfied that in most cases there are local carriers able to take over the services of this type.



H. G. L. Boag
Chairman.



A. French

Member.



P. K. Vashon
Member.

FIGURE NO. 1

